

Message Text

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11

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 6830

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POUCHED ALL CONSULSIN CANADA

E.O. 11652: N/A

TAGS: ELAB, EFIN, CA

SUBJECT: LABOR REACTION TO NEW BUDGET

REF: OTTAWA 2355

1. ORGANIZED LABOR'S INITIAL REACTION TO FINMIN TURNER'S NEW BUDGET WAS LARGELY NEGATIVE ALTHOUGH ABSENCE OF COMPULSORY WAGE AND PRICE RESTRAINTS WAS PRIVATELY WELCOMED BY UNIONS AS WELL AS MANAGEMENT. CANADIAN LABOUR CONGRESS (CLC) SECRETARY-TREASURER MONTGOMERY ISSUED STATEMENT DEPLORING ABSENCE OF EFFECTIVE MEASURES TO COMBAT INFLATION AND UNEMPLOYMENT. CLC AS WELL AS STEELWORKERS AND TWO LARGEST GOVERNMENT EMPLOYEE UNIONS (PSAC AND CUPE) FELT THAT INFLATIONARY IMPACT OF GAS AND OIL PRICE INCREASES WILL TRIGGER HIGHER WAGE DEMANDS EMANATING FROM RANK AND FILE.

2. PROPOSED LEGISLATIVE CHANGES IN UNEMPLOYMENT INSURANCE TO LENGTHEN WAITING PERIOD AND TO REDUCE FEDERAL SUBSIDIES WERE CHARACTERIZED BY CLC "AS POLITICAL SLEIGHT OF HAND" CAUSING INCREASED HARDSHIP FOR RISING NUMBER OF UNEMPLOYED WHILE PROVIDING ONLY MINIMAL BUDGETARY SAVINGS. ABSENCE OF ANY IMPROVEMENTS IN

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OLD AGE PENSIONS OR ESTABLISHMENT OF GUARANTEED ANNUAL

INCOME PROGRAM WERE FURTHER DISAPPOINTMENTS TO CLC.
GOC'S DECISION TO LIMIT EXPENDITURES FOR CONSULTANT SERVICES
WAS ONE ITEM THAT MET WITH CLC APPROVAL, WHILE THE
5 PERCENT TAX CONCESSION FOR CONSTRUCTION AND MACHINERY
WAS VIEWED AS STEP IN RIGHT DIRECTION BUT FAR TOO MODEST.

EM AMONG SENIOR TRADE UNION LEADERS ONTARIO FEDERATION
OF LABOR PRESIDENT DAVID ARCHER WAS ONLY ONE WHO
EXPRESSED SOME SYMPATHY FOR TURNER'S EFFORTS TO COPE
SIMULTANEOUSLY WITH INFLATION AND UNEMPLOYMENT IN
REMARKING "I AM NOT SURPRISED THAT HE FELT THIS WA THE
TIME TO LEAVE THINGS PRETTY MUCH ALONE AND TRY TO
RIDE IT OUT TO SEE WHERE ECONOMY IS HEADED." ARCHER'S
GUARDED APPROVAL MAY WELL HAVE BEEN POLITICALLY
MOTIVATED TO SIGNAL LABOR'S OPPOSITION TO ONTARIO'S
CONSERVATIVE PREMIER DAVIS (WHO STRONGLY OPPOSES HIGHER
ENERGY TAXES CONTAINED IN BUDGET IN ANTICIPATION OF PROVINCIAL
ELECTIONS THIS FALL.
PORTER

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